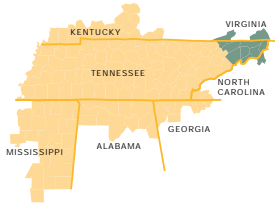


## The Tri-Cities Subregion



The Bundy Corporation, which makes fluid-carrying systems for vehicles, recently opened a plant in Greeneville, Tennessee. The company leased a 116,000-square-foot building that had been constructed with the aid of an \$850,000 TVA loan. Bundy expects to employ 300 workers within five years.

**T**he Tri-Cities subregion is relatively small and rural, with a larger-than-average manufacturing sector that is fairly evenly split between nondurables and durables. Each is dominated by one industry—chemicals and machinery, respectively—that accounts for about half of the employment in that category (*see chart, below*). A reversal of recent trends is expected in 1998, when expansion will occur in both durables and nondurables. Services should also continue to add jobs steadily. The area has attracted several telemarketing firms and is proceeding with the development of a “med-tech” corridor. This expansion in services, however, will be moderated by lower-than-average population growth. As a whole, the subregional economy is expected to perform well in 1998, although it will hover somewhat below the regional average.

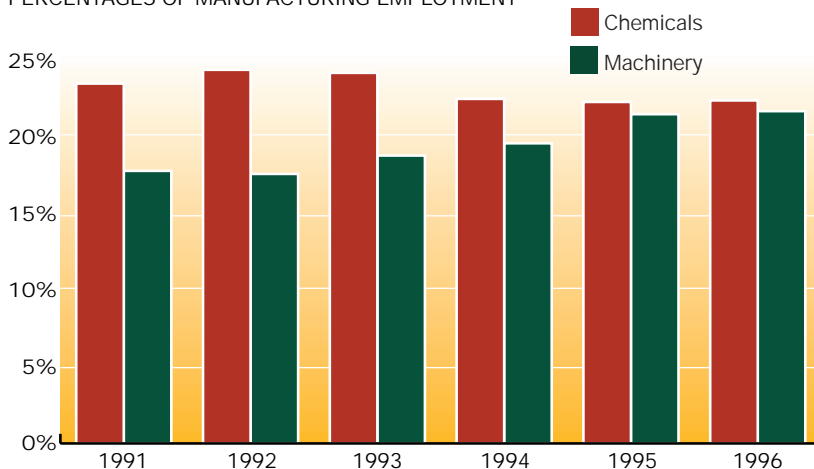
The Tri-Cities’ chemicals and machinery industries themselves tend to be concentrated in a few large establishments. Eastman Chemical, for example, provides the bulk of

chemicals employment. The machinery industry, though not similarly dominated by one firm, has large plants that account for a sizable portion of the sector, such as the former N.A. Philips electronics-manufacturing facility. The subregion also contains a smaller but notable cluster of defense-related manufacturing.

Nondurables are expected to fare somewhat better than the regional average in 1998. The chemicals industry is undergoing considerable restructuring, and increases in the prices of raw materials and oil early this year cut into profitability. The situation has improved since then, and prospects for 1998 appear better. The increased demand for PET container plastic will benefit Eastman. The company has also announced that two new product lines will be manufactured in the area in late 1997 and mid-1998. Textiles should grow next year as a result of facilities consolidation and strengthened demand, especially for exports, while continuing losses in apparel are expected to be relatively slight.

Durables manufacturing looks set to increase in 1998, although at a slower rate than for the Valley overall. N.A. Philips, after coming close to shutting down its facility, sold it to GC Capital, which is expected to retain most but not all of the former workforce to produce televisions and new high-tech telephones. Some defense-related cutbacks are still taking place as well. However, expansions in the subregion’s machinery industry continue to occur. Exide Corporation is still enlarging its automotive-battery and electrical-products plants in the area, and Alpine Industries has announced a major relocation and expansion of its air-purification-systems plant in Greene County.

PERCENTAGES OF MANUFACTURING EMPLOYMENT



Nearly half the area’s manufacturing jobs are in chemicals or machinery.